Workplace Variation in Fatherhood Wage Premiums: Do Formalization and Performance Pay Matter?

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Abstract

Parenthood contributes substantially to broader gender wage inequality. The intensification of gendered divisions of paid and unpaid work after the birth of a child create unequal constraints and expectations such that, all else equal, mothers earn less than childless women, but fathers earn a wage premium. The fatherhood wage premium, however, varies substantially among men. Analyses of linked workplace-employee data from Canada reveal how organizational context conditions educational, occupational, and family-status variation in fatherhood premiums. More formal employment relations (collective bargaining and human resource departments) reduce both overall fatherhood premiums and group differences in them, while performance pay systems (merit and incentive pay) have mixed effects. Shifting entrenched gendered divisions of household labour is thus not the only pathway to minimizing fathers' wage advantage.

Keywords: fatherhood wage premium, organizations, wage inequality

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In many countries, parenthood has a disparate impact on women's and men's wages. Mothers typically incur wage penalties vis-à-vis otherwise similar childless women, but fathers can receive a net wage premium (Cooke, 2014; Fuller, 2017; Killewald, 2013; Waite and Denier, 2015). Parenting pay gaps thus contribute substantially to broader gender wage inequalities. Fathers' wage premiums, however, vary among men. Married (Hodges and Budig, 2010; Killewald, 2013), white (Glauber, 2008; Hodges and Budig, 2010), highly educated, professional (Hodges and Budig, 2010), and heterosexual (Waite and Denier, 2015) fathers garner larger premiums.

What drives such variation? Although individual and household characteristics can contribute via their impact on productivity and effort, sociologists also recognize that workplaces are critical for the generation of inequality (Baron and Bielby, 1980; Nelson and Bridges, 1999; Tomaskovic-Devey et al., 2015). In North America, workplaces are particularly important insofar as wage and promotion decisions are typically made at this level (Bidwell et al., 2013). In seeking to understand variation in US fatherhood premiums, Hodges and Budig (2010) thus highlight the importance of organizations. Men who more closely approximate the hegemonic ideal of heterosexuality, whiteness, rational authority, and technical competence are seen as legitimating the broader power hierarchies of bureaucratic organizations, potentially accruing larger premiums as a result.

Yet although their argument focuses on organizational dynamics, Hodges and Budig rely on individual-level data. As a result, their analysis has two important limitations. First, it cannot isolate the wage inequalities within establishments that are central to their argument from any accruing by virtue of how fathers and childless men are sorted across high and low-wage firms. Research disentangling the establishment component of fatherhood wage premiums is limited. Looking at white-collar workers in Norway, Petersen et al. (2011; 2014)

find that none of the small Norwegian fatherhood premium derives from establishment choice, but the occupational variation in net fatherhood premiums found by Hodges and Budig (2010) raises the question of whether effects are the same for other occupations. Indeed, Cooke and Fuller (forthcoming) find that less occupationally advantaged Canadian fathers sort into higher waged establishments, contributing to their wage premium.

A second limitation of both Hodges and Budig and the aforementioned studies is the failure to consider how variation in workplace characteristics might condition differences in fathers' wage advantage. Recent scholarship makes clear that dynamics specific to individual workplaces (including power relations, patterns of segregation, and formal and informal rules around hiring, downsizing, assessment, and valuation) shape group wage inequalities (Avent-Holt and Tomaksovic-Devey, 2010, 2014; Baron et al., 2007; Kalev, 2014). In other words, fatherhood premiums are unlikely to reflect a singular bureaucratic logic as suggested by Hodges and Budig, but rather should vary for differently structured workplaces.

The analyses herein overcome these limitations by drawing on linked employer-employee data from the Canadian Workplace and Employee Survey (WES), facilitating a more direct test of Hodges and Budig's claims about hierarchies, organizational logics, and premium patterns. In addition, the WES is broadly representative and contains detailed information on workplace characteristics. This allows for consideration of how two key structural characteristics, formalization and compensation practices, shape the impact of individual-level characteristics often used to predict wages.

EXPLAINING FATHERS' NET WAGE PREMIUM

Echoing broader scholarship on wage inequality, researchers employing individual-level data typically focus on three potential explanations for the 3-10% net fatherhood wage premium in North America (Glauber, 2008; Hodges and Budig, 2010; Killewald, 2013; Waite and Denier,

2015). The article proceeds by outlining these mechanisms, then contextualizing them in light of organizational structures and processes that potentially moderate their impact.

Explanations that focus on human capital suggest that fathers are simply better workers (Becker, 1981). First, fathers' wage advantage may reflect differences in underlying but unmeasured characteristics (such as dependability or sociability) that make men more desirable to both would-be mothers and employers (Petersen et al, 2011). Smith Koslowski (2011) finds such positive selection in a few European countries, but not in the majority. Petersen et al. (2011, p.297) find positive selection for Norwegian fathers in their within-establishment estimates, but it is minor. Evidence from the US is mixed (Hodges and Budig, 2010; Loughran and Zissimopoulos, 2009; Lundberg and Rose, 2000). Regardless, accounting for stable unobserved characteristics with longitudinal data and person fixed effects models does not necessarily eliminate differences in the premium among groups (Glauber, 2008; Hodges and Budig, 2010).

A second productivity explanation for the wage premium is that fatherhood motivates men to work harder (Lundberg and Rose, 2000; Percheski and Wildeman, 2008), especially when mothers prioritize domestic work over employment (Becker, 1981). Differences in men's earning capacity and partners' employment patterns may in turn impact the degree to which fatherhood is motivating. It is difficult to objectively measure work intensity and effort, but fathers and childless men do not self-report differences in either (Kmec, 2011). Some men do increase their employment hours following a birth, but other men who do not can still receive net hourly wage premiums (Lundberg and Rose, 2000; Smith Koslowski, 2011). Furthermore, work hours do not account for group differences in the net wage premium (Glauber, 2008; Hodges and Budig, 2010). The evidence is mixed as to whether mothers' employment affects the fatherhood premium (Killewald, 2013; Lundberg and Rose, 2000), but group differences in household divisions of paid labour do not account for group

differences in net fatherhood wage premiums (Glauber, 2008; Hodges and Budig, 2010). Spending greater time in childcare (Smith Koslowski, 2011) and housework (Killewald and Garcia-Manglano, 2016) does not diminish fathers' wage advantage over childless men. In all, men's individual and household characteristics do not fully account for the fatherhood wage premium.

A third explanation for the fatherhood premium focuses not on fathers' individual characteristics, but on employer biases that lead them to favour fathers over childless men and some groups of fathers over others. Widely held cultural beliefs about fathers as motivated breadwinners may encourage employers to view fathers as particularly hard-working, dependable, and loyal workers. Correspondence studies have not tended to find evidence of hiring discrimination in favour of fathers (Bygren et al., 2017; Correll et al., 2007), but employers may still favour fathers when setting wages or considering promotions.

But why would positive stereotypes operate more powerfully for some fathers than others? In recent years, scholars working under the umbrella of "relational inequality theory" have placed renewed attention on how organizational contexts shape patterns of inequality. One strand of this research takes a conflict perspective, assuming that inequalities result from dominant groups' active hoarding of opportunities and exploitation of subordinate groups (Tilly, 1998; Tomaskovic-Devey et al., 2009; Tomaskovic-Devey et al., 2015). Groups that are advantaged in organizational hierarchies leverage this to reproduce inequalities favouring them.

Unlike other commonly studied categorical distinctions (gender, race), fatherhood is always an achieved status. All fathers were once childless, and childless men may anticipate fatherhood in the future. Conscious pursuit of group-based privilege may therefore be less salient than for ascribed categorical statuses. However, Hodges and Budig (2010) argue that distinctions based on fatherhood are intimately tied to the legitimation of broader gender

inequalities in workplaces. Linking Connell's (1987) concept of hegemonic masculinities with Acker's (1990) critique of the androcentric foundations of organizations, they contend that fatherhood wage premiums accrue within workplaces in tandem with gendered systems of organizational power. In bureaucratic organizations, the "ideal worker" privileges organizational demands, devoting time and attention to the job above all else (Acker, 1990; Williams, 2000). This ideal is presumptively masculine. Women's disproportionate responsibility for unpaid housework and caregiving supports men's ability to devote themselves fully to their job while making it more difficult for women to live up to this ideal. Thus, the traditional household model of a male-breadwinner/female caregiver sustains men's economic dominance over women and aligns with the organizational ideal of a job-focused, disembodied worker (Connell, 1987; Ridgeway and Correll, 2004).

Of course, not all fathers' family arrangements fit the traditional model. In Canada, the majority (52%) of couple families with children have two full-time working parents, with less than one third comprised of a single breadwinner (Statistics Canada, 2016). Hodges and Budig (2010) argue that organizations will more greatly reward the latter group of fathers because their domestic arrangements more closely align with ideal worker norms. As a result, Hodges and Budig anticipated the net fatherhood wage premium would be larger for married fathers, and among married fathers, larger for those who are the primary family earner.

An intersecting strand of organizational research emphasizes the role of implicit biases in perpetuating and legitimizing inequalities (Castilla, 2010; Reskin, 2000; Stainback et al., 2010). Implicit biases intensify when status distinctions (such as fatherhood) map closely with organizational hierarchies (Ridgeway 2014; Tilly 1998). Hodges and Budig (2010) thus also argue that organizations will grant larger rewards to fathers displaying the technical competence associated with higher education and rational authority associated with professional or managerial occupations. In all, organizational logics are presumed to

reinforce men's dominance over women, as well as class and family status hierarchies among men.

However, Hodges and Budig (2010: 735) find only partial empirical support for their arguments. Net of controls, family breadwinner status only magnifies the premium for Latinos (14% in dual-earner marriages versus 29.7% for breadwinners). White and Latino fathers' net premium does increase with education (e.g. 8.3% for Whites with high school or below, 9.4% with some college and 21% with at least a Bachelor's), but African-Americans' does not. Only white fathers' premium varies with occupation (7.6% for nonprofessional fathers and 11.6% for professionals and managers). Absent from their conceptualization and empirical tests, though, is how diversity in local arrangements might condition group wage inequalities across firms.

WORKPLACE VARIATION IN FATHERHOOD WAGE PREMIUMS

Whether driven by actors' strategic action or implicit bias, favouritism within organizations may occur in various ways. Supervisors may view fathers' performance more positively, be more receptive to their requests for raises or think of them first when considering training opportunities and promotions. At the same time, workplace characteristics may temper or reinforce fathers who act to further their advantage by shaping both the scope for strategic action and the degree to which biases are activated and consequential (Castilla and Benard, 2010; Elvira and Graham, 2000; Reskin, 2000). In this respect, workplace features that structure decisions around wages and promotions, such as formalization and compensation systems, are potentially salient.

Formalized systems

Bureaucratic rules that are neutral in the face of entrenched inequality can magnify group differences in access to opportunities, positions, and their rewards (Baron et al, 2007; Kalev

2014; Tilly, 1998). At the same time, written rules and procedures reduce supervisors' latitude to indulge their biases when making decisions (Anderson and Tomaskovic-Devey, 1995; Baron et al., 2007; Elvira and Graham, 2002). Although results are not entirely consistent, numerous studies find that formalization reduces gender, immigration, racial, and motherhood wage gaps (e.g. Fuller, 2017; Elvira and Zatzick, 2002; Reskin and McBrier, 2000; Tomaskovic-Devey et al., 2015). Formalized personnel arrangements may minimize the net fatherhood wage premium as well if it reflects biased decision-making.

Collective bargaining agreements are among the strictest formal systems, with job rates rather than personal rates largely determining pay (Card et al., 2003; Freeman, 1980; Tomaskovic-Devey et al., 2009). Collective bargaining agreements reduce gender wage gaps within firms (Heinze and Wolf, 2008), and wage gaps between mothers and childless women (Fuller, 2017). Unionization should reduce fatherhood wage premiums by minimizing the potential for favouring fathers over childless men in the same job, or breadwinning over dual-earning fathers. Unionization also minimizes class disparities. Freeman's (1980) seminal research highlights that unionization simultaneously raises the wage floor and blunts returns paid to high-skilled workers. A more equitable wage distribution likely reduces scope for differences in fatherhood premiums between more and less advantaged workers as well. This implies:

H1: collective bargaining agreements will minimize the net fatherhood wage premium and breadwinning, educational, and occupational differences in it.

Human resources (HR) departments also impose formal personnel policies that could reduce supervisors' ability to indulge personal biases (Baron et al., 2007; Dobbin, 2009). It is illegal in all Canadian provinces save New Brunswick to make employment decisions on the

basis of family status.[1] Ensuring that employment decisions do not violate legal requirements is part of HR's remit (Kalev, 2014; Dobbin, 2009), and their involvement in establishing and monitoring promotion processes should reduce the chance that managers will use fatherhood as a decision criterion. Moreover, by creating more standardized procedures with explicit criteria, HR professionals should also reduce the scope for implicit biases to influence decisions. This leads to the second hypothesis:

H2a: The presence of an HR department will minimize net wage disparities directly associated with men's family status, both the net fatherhood wage premium and breadwinning fathers' additional premium.

Unlike collective bargaining agreements, HR procedures replicate the organizational bureaucracies that may reinforce skill inequalities (Acker, 1990, 2006). For example, the presence of an HR department magnifies educational advantage (Avent-Holt and Tomaskovic-Devey, 2010). This implies:

H2b: The presence of an HR department will not diminish occupational or educational differences in net fatherhood wage premiums.

Compensation schemes

In recent years, North American employers have been expanding performance-based pay schemes such as bonuses, commissions, piece rates, and merit-based pay (Bidwell et al., 2013; Elvira and Graham, 2002; Lemieux et al., 2009). In theory, such schemes tether wages more closely to performance (Fang and Heywood, 2009). As such, they enhance opportunities for fathers to earn higher wages via greater effort and productivity, while also

potentially muting employer discrimination. However, as outlined below, some presumably "objective" performance-based systems may favour some fathers over others.

Incentive pay: Incentive pay includes bonuses, piece-rates, and commissions that reward individuals based on individual output or performance. In the only study to consider incentive pay and parenting wage gaps, Heywood and Parent (2017) find that American fathers' wage premium is largely limited to jobs with incentive pay. Lemieux et al. (2009) reveal that productivity-related characteristics better predict wages in jobs that include such incentives than in those where they are absent. This suggests that incentive pay does strengthen the link between productivity and rewards. Further supporting this notion is the research finding that piece rates and commissions reduce or eliminate racial pay gaps among North American men that are apparent in time-based pay systems (Fang and Heywood, 2009; Heywood and O'Halloran, 2005). This implies that incentive pay should advantage fathers within workplaces if they really are more productive.

H3a: Fathers working under incentive schemes will have a larger net premium.

The motivation to maximize rewards under such schemes should be greater for breadwinning fathers, as they have the added pressure of being the primary household provider:

H3b: Breadwinning fathers will have a larger advantage vis-à-vis childless men when working under incentive schemes than will dual-earner fathers.

The impact of incentive schemes on class differences in the net fatherhood wage premium is less clear. Because their overall household earnings are lower, less-educated or

working-class fathers might be especially motivated to increase their effort under incentive schemes, suggesting:

H3c: Less-educated and non-managerial/non-professional fathers will garner higher fatherhood premiums under incentive schemes.

At the same time, Lemieux et al. (2009) find that returns to education are larger in incentive schemes than fixed-wage contracts. Heywood and Parent (2017) also find that the increase in the net wage gap between fathers and childless men with incentive pay is much stronger at the higher end of the earnings distribution. This suggests the competing hypothesis that opportunities to maximize earnings with incentives are greater for fathers that are more educated:

H3d: Fathers that are more educated will garner larger wage premiums within incentive pay schemes than less-educated fathers.

The above hypotheses relate to actual performance differences, which should be relatively clear where incentives consist of commissions and piece-rates. Even so, differences in assignments and judgements about whether quality standards have been met create some room for discretion and non-performance based inequalities (Fang and Heywood, 2006; Madden, 2012), as can customer discrimination in service jobs (Madden and Vekker, 2017). Bonus-pay, classed in the WES as an incentive, also tends to be discretionary (Elvira and Graham, 2002). Indeed, research on the role of incentive pay in moderating gender wage gaps has generated mixed results (e.g. Jirjahn and Stephan, 2004; Madden 2012; Kangasniemi and Kauhanen, 2013).

Merit-based pay:

When performance pay is based on supervisor determinations of merit rather than clear outputs, there is even greater room for wage gaps to widen in favour of advantaged groups. Although the formalization of performance appraisals that typically accompany merit awards may mitigate bias (Elvira and Graham, 2002), a sizeable literature confirms performance evaluation bias on both subjective and more objective measures (Roth et al., 2003). The general pattern is that, *ceteris paribus*, high-status groups receive higher performance evaluations (DiTomaso et al., 2007; Kraiger, 1985; Reskin and McBrier, 2000).

Castilla (2008) points out that even if performance appraisal bias can be mitigated, bias can occur at the more discretionary wage allocation stage. He finds that women and minorities in a large US service organization receive less compensation than white men when they have equal performance scores. In a subsequent experimental study, Castilla and Benard (2010) reveal a "paradox of meritocracy." Test subjects award women much smaller raises than identical men when an organization is explicitly presented as meritocratic. The authors conclude that the cloak of meritocracy triggers raters' acceptance of their implicit biases and stereotypes as legitimate performance differences.

The process of merit-based pay awards reflects the combination of organizational logics and supervisor behaviour that Hodges and Budig (2010) argue result in group differences in net fatherhood wage premiums. Consistent with this as well, performance pay magnifies racial and gender earnings gaps most strongly at the top of the earnings distribution (Fabling et al., 2012; Heywood and Parent, 2012). From this we derive our final hypothesis:

H4: Merit-based schemes will increase the net fatherhood wage premium and breadwinning, educational, and occupational differences in it.

METHOD

Data and sample

Canada's Workplace and Employee Survey (WES) is a mandatory survey fielded from 1999 to 2005, with response rates in excess of 80 percent for both workplaces and employees. Workplaces were sampled from all those in Canadian provinces with paid employees, excluding public administration, private households, religious organizations, and fishing and trapping industries. The WES definition of workplace is synonymous with establishment: "the smallest organizational unit, comprised of at least one physical location that can provide a complete set of input and output statistics." The workplace sample was refreshed every second year to maintain representativeness.

In each odd year (1999, 2001, 2003, and 2005), a new random sample of up to 24 employees was drawn from each workplace and followed the next year. Unfortunately, this time frame is too short to allow estimation of individual-level fixed effects. Analyses were restricted to odd-numbered years to ensure employee outcomes are tied to the characteristics of the workplaces where they were employed when responding, with data pooled across waves to maximize sample size.

Analyses were limited to white men as Canada's racial landscape is complex and merits a separate analysis. The sample was restricted to those who are at least 24 years of age because the WES does not measure school enrolment. Men 45 and older were excluded because the WES asks only whether fathers are currently living with children, not whether they ever had children. These restrictions yield an analytical sample of 18,730 men embedded in 5,715 establishment-years, and 5,020 unique workplaces. For analysis of breadwinner effects, the sample was restricted to partnered men (n= 13,960).

Individual-level variables

The dependent variable was the natural log of hourly wages. This measure was calculated using base earnings as well as bonuses, profit sharing, overtime premiums, tips, etc., divided by men's usual paid hours (including usual overtime hours).

The key independent variable was whether a man is a father, indicated by living with at least one child under 19. Other key individual-level independent variables relate to education, occupation, and breadwinner status. Education was indicated with four dummy variables (less than high school, high school diploma, non-university postsecondary certificate, and university degree or higher). Another variable distinguished men who work in professional or managerial occupations versus all others. We designate a partnered man a "breadwinner" when he earned 80 percent or more of the total household earnings. Smaller or greater thresholds (60%, 70%, 90%) had small impacts on the magnitude of effects (which generally increased with a higher threshold), but did not substantively change results.

All models controlled for partnership status (single, cohabiting, married), human capital (actual years of full-time experience and its square, an interaction between experience and education), labour supply (working less than 35 hours per week, 35-49, or 50 or more), tenure with the employer and its square, and survey year (to account for business cycle).

Workplace characteristics

Employer representatives reported establishment-level characteristics except coverage under a collective bargaining agreement, which the employee reported. To assess the impact of formalization, we included both collective bargaining agreement, and presence of an HR department.

For compensation schemes, one dummy variable indicated workplaces with individual incentive systems such as bonuses, piece rates, and commissions that reward individuals based on individual output or performance. A second indicated those with merit pay, defined

as, “skill-based pay that is a reward or honour given for superior qualities, great abilities or expertness that comes from training, practice, etc.” Both measures were reported for different occupational groups within the establishment and indexed to the occupation to which the individual belonged.

Analytical strategy

The theoretical dynamics of interest affect wage and promotion decisions for existing employees. They are therefore best assessed for fatherhood wage gaps within establishments. The conventional way to estimate this is to include establishment fixed effects, thus controlling for characteristics that similarly impact wages for all individuals in a given establishment. However, the relatively small number of men in our sample within each establishment (mean = 3.4) makes estimating establishment fixed effects with the limited sample potentially problematic. To provide more robust estimates, we used the entire WES sample (N=85,320 individuals, mean = 17 observations per establishment, max = 79) to calculate the establishment fixed effects via a two-step strategy (Canay, 2011; Javdani, 2015).

The first step entailed regressing log-hourly wages on the individual control variables for the full WES sample, adding further controls for gender, race-ethnicity, and each establishment:

$$lnWage_{ij} = x_{ij}\beta + male_{ij}Z \quad + f_{\mathrm{ij}}\psi + \varepsilon_{ij} \qquad (1)$$

In equation 1, f_{ij} is a vector of indicators for each firm and ψ is a vector of establishment effects measuring establishment-specific average wages conditional on worker characteristics. The establishment effects were saved and subtracted from each individual’s log-hourly wage to create a new, transformed dependent variable, $FElnWage_{ij}$. $FElnWage_{ij}$ is each individual’s log-hourly wages purged of the impact of workplace-constant characteristics. This transformed dependent variable was then used in the second

step to estimate the average deviation of fathers' wages from those of childless men within particular workplaces for the sample of white Canadian men:

$$FElnWage_{ij} = \chi_{ij}\beta + father_{ij}\delta \quad + \varepsilon_{ij} \qquad (2)$$

As long as fixed effects are the same within a given establishment for the reduced and the full sample, the two-step approach removes the fixed effects and gives consistent estimates of slope parameters. This assumption is reasonable for establishment effects in the WES, as the correlation between establishment wage effects calculated with the reduced and full WES sample was .91.[2]

Testing the impact of establishment characteristics

Three-way interactions between fatherhood, group (education, occupation, and breadwinning), and establishment characteristics revealed how workplace contexts affected variation in the net fatherhood wage premium. No cell size for the interactions was smaller than 200. For ease of reporting, separate models estimated the aggregate fatherhood wage premium and each focal two- and three-way interaction. A model including all interactions simultaneously yielded very similar average predicted effects. Employee sample weights were used in all analyses, with standard errors estimated using bootstrap weights provided by Statistics Canada.

RESULTS

Descriptive statistics reveal that fathers and childless men are similar on all characteristics except partnership status and (age-related) experience and seniority (available online in Appendix Table O-1). Predicted (average marginal) effects of fatherhood's impact on wages net of establishment fixed effects are presented in Appendix Table A-1. For easier display

vis-à-vis our hypotheses, we graph predicted effects from the two- and three-way interactions. Diagrammed educational contrasts are limited to men with the least and most education to simplify presentation.

[Figure 1]

Figure 1 displays the predicted 4.6% ($e^{(0.045)}$ - 1) x 100) fatherhood wage premium net of individual characteristics and establishment fixed effects. Figure 1 also displays how the net fatherhood wage premium varied by the focal group characteristics. Fathers in professional or managerial occupations enjoyed the largest net wage premium of 6.9%, significantly more than the 3.6% net premium for fathers in other occupations. The next largest net premium was 6.3% for breadwinning fathers, as compared with 2.6% among dual-earning fathers. Fathers with a university degree received a 5.3% premium, as compared with 1.8% for fathers with less than a high school diploma. The premium for the least-educated fathers was still statistically significant but the smallest of all groups. Overall, the group differences in within-establishment net fatherhood wage premiums among white Canadian men more strongly support Hodges and Budig's argument than did their economy-wide US estimates.

[Figure 2]

Figure 2 diagrams how the average net fatherhood premium varied with each workplace characteristic. Hypothesis 1 that collective bargaining agreements reduce the aggregate fatherhood premium was strongly supported. The predicted net wage premium for fathers not covered by a collective bargaining agreement was almost five times larger than for fathers in unionized settings, 6.0% as compared with 1.3%. Hypothesis 2a that an HR department would also reduce the net wage premium was also supported, although the difference in premiums in workplaces with and without an HR department was much smaller than for collective bargaining agreements.

In contrast, none of the compensation scheme hypotheses regarding the average net fatherhood wage premium were supported. Although the average premium was larger under incentive pay schemes (H3a), the difference was not significant. Merit pay schemes predicted a significantly smaller net fatherhood wage premium of 3.2% as compared with 5.2% without them. This contradicts the fourth hypothesis that merit-based schemes increase group wage inequalities.

[Figure 3]

Do the workplace characteristics affect the breadwinning, educational, and occupational differences in net fatherhood wage premiums? As evident in the top panel of Figure 3, collective bargaining entirely eliminated the 5-7% net wage premiums associated with a university degree, professional occupation, and male breadwinning as anticipated (H1). Collective bargaining agreements also reduced the smaller "other" occupation and dual-earning fatherhood premiums, but to a lesser degree. Note that the least-educated white fathers actually fared worse than their childless counterparts under such agreements, incurring a 2% wage penalty.

The impact of HR departments on group differences is diagrammed in the bottom panel of Figure 3. As hypothesized given legislation on family status (H2a), HR departments reduced breadwinning fathers' additional wage premium to just 1.8%. They had no impact on dual-earning fathers' net premium. As a result, the fatherhood wage premium in workplaces with formal HR departments was larger among dual-earning than breadwinning fathers. HR departments did not diminish university-educated or professional fathers' additional net wage premiums. While this supports the verbiage of Hypothesis 2b, HR departments in fact magnified class differentials insofar as they were associated with smaller premiums for the least-educated fathers and those in non-professional occupations.

[Figure 4]

Figure 4 depicts the impact of compensation schemes. Recall that aggregate differences in the premium were minimal under incentive pay. Figure 4 reveals that breadwinning fathers earned appreciably more under incentive schemes than on other pay systems (top panel). Yet dual-earning fathers also enjoyed a larger net premium with incentive pay, such that the difference between the two groups was sustained. This is contrary to H3b, which predicted incentive pay would increase breadwinning fathers' advantage over dual-earners.

Somewhat surprisingly, competing hypotheses H3c and H3d both receive support. Both the least- and highest-educated fathers earned a larger hourly wage premium under incentive schemes, 10.4% and 13.3%, respectively. Not shown are the effects among fathers with moderate education, for whom incentive pay predicted somewhat smaller wage premiums. Thus while there is little support for hypothesis 3c or 3d when contrasting the least- and most-educated fathers, perhaps the underlying dynamics (greater motivation of least-skilled fathers to expend more effort per H3c, and greater opportunity for highest-skilled fathers to benefit from enhanced productivity per H3d) produce benefits at the extremes relative to fathers with moderate qualifications.

These possible mechanisms, however, did not translate to occupational differences (H3c). Neither professional fathers nor those in other occupations earned appreciably more under incentive pay schemes than fathers did in fixed-pay plans. In all, results provided weak support for the third set of hypotheses. The neutral impact of incentive pay schemes on the aggregate fatherhood premium reflects substantial variability in effects across groups.

The bottom panel of Figure 4 diagrams effects of merit-based pay. Building on Castilla's (2008) research, H4 anticipated merit-based pay would increase fatherhood premiums and exacerbate breadwinning, educational, and occupational differences in them. However, merit-based pay reduced the net fatherhood premium for most groups, although

half of the differences were not statistically significant. The only instance where merit-based pay magnified group inequalities was when comparing the least educated fathers to the most: the advantage of the latter group was greater under merit pay schemes. However, this was not because merit schemes increased the most educated fathers' advantage. Instead, merit pay predicted a significant wage penalty for the least-educated fathers. Overall, H4 that merit schemes increase group wage inequalities among fathers was not supported.

DISCUSSION AND CONCLUSIONS

Organizations are not simply sites in which wage inequalities are manifest; they play a critical role in their generation and reproduction. However, the limited availability of representative quantitative data linking individuals to the establishments in which they work has hindered scholars' ability to conduct systematic empirical work on the organizational correlates of fatherhood wage premiums. Overcoming this limitation with rich linked data from Canada affords novel insights into the dynamics underlying fatherhood wage premiums. Much stronger support is revealed for Hodges and Budig's (2010) argument that group differences in net fatherhood wage premiums reflect organizational hierarchies of hegemonic masculinities than evident in their individual-level data. This highlights the importance of specifying and testing arguments about organizations at the appropriate level. Of course, differential mobility across establishments may offset these intra-establishment hierarchies, with different underlying dynamics at play. Indeed (Cooke and Fuller, forthcoming) find that less-advantaged Canadian fathers garner a premium by sorting into high-wage firms, which somewhat counter-balances the average within-establishment advantage of more privileged fathers.

Further, strong conclusions that the "gendering" of organizations reinforce hierarchies among men must be tempered with the recognition that organizational practices and structures condition group wage inequalities. Fatherhood premiums do not prevail in all

organizational contexts. Formalization and, to a lesser degree, compensation practices matter.

Consistent with research on gender, motherhood, and class-based wage gaps, collective bargaining agreements equalized. Such agreements create less room for discretion in wage setting, virtually eliminating the overall net fatherhood premium. The more equal wage distribution associated with collective bargaining also generally reduces group differences in premiums that favoured more advantaged fathers. The one exception to this was the emergence of significant hourly wage penalties for the least-educated unionized fathers.

Similar to collective agreements, HR oversight reduced opportunities for bias to impact wages, but only that relating to family status rather than class. Unlike collective agreements, the presence of an HR department enlarged class inequalities more broadly by reducing premiums for the least-educated as well as non-professional fathers. That HR departments were associated with widening class inequalities in fatherhood premiums was a surprise. It may be that employers grant fathers higher wages because they equate need (and not just presumed performance) with deservingness. Since less advantaged fathers would "need" higher wages the most, their premiums would be most diminished with HR oversight. Although such valuative discrimination tends to map to existing hierarchies (with more advantaged groups seen as more deserving) (Castilla and Benard, 2010), results here suggest the need for more research exploring circumstances that lead to exceptions.

Why wage premiums for the least educated fathers were not only diminished but actually reversed under collective agreements and HR Departments is a worthy topic for future research as well. The combination of rigid jobs and limited resources to purchase reliable childcare means the least-advantaged parents of both genders struggle to balance the demands of work and family life (Williams et al., 2013). Further, working class men who

visibly privilege care work over employment obligations can be subject to teasing and harassment, prompting them to "care in secret" rather than acknowledge family-related reasons for failing to fulfil work obligations (*ibid*). Perhaps formalized workplace systems are stricter in documenting and penalizing tardiness and unexpected absences resulting from challenges of fathering with limited resources (*ibid*). This serves as an important reminder that meeting both work and family obligations is not simply a problem for women – men are also affected when work is organized in ways that are difficult to reconcile with the rhythms of family life.

An unanswered question from individual-level theories of the fatherhood premium is whether fathers really are more productive than childless men. Merit pay and incentive systems should more closely tie wages to performance, but merit pay actually reduced fatherhood premiums for all groups (and reversed them for the least educated). In contrast to Heywood and Parent's (2017) findings, incentive pay had no effect on the size of fathers' pay premium in the aggregate, although their data precluded controlling for establishment fixed effects as done here. One possible explanation for these differing results is therefore that fathers disproportionately select into higher-paying workplaces with incentive pay, a specific sorting possibility not tested by Cooke and Fuller (forthcoming). Nevertheless, incentive pay did have markedly mixed effects across sub-groups, increasing fatherhood premiums for married men and the most and least educated. In a context where norms about what constitutes a "good father" are shifting (Kaufman, 2014), these findings are intriguing. Differences in cultural values, overall financial constraints, and/or structural opportunities in the workplace may well combine to prompt non-uniform responses to pressures to maximize earnings versus time with family.

Although merit pay theoretically ties wages more closely to productivity, it can magnify gender and racial wage gaps (Castilla, 2008; Castilla and Benard 2010). However,

merit pay reduced fatherhood premiums. It could be that fatherhood is not as salient a social category as gender or race, at least among white men. The "paradox of meritocracy" is theorized to occur because presumptions of meritocracy dampen pressures to examine prejudices (Castilla and Benard 2010). While awareness of gender and racial discrimination is widespread, public discourse has not similarly problematized fatherhood pay gaps. Whether a decision-maker gives reign to fatherhood biases may therefore be less sensitive to an understanding of the relative meritocracy of the organization.

This study also diverges in an important way from Castilla (2008), and Castilla and Benard (2010). Their research designs compare merit awards for workers with similar performance evaluations. The results presented here do not hold presence or outcome of prior evaluation constant, and performance appraisals typically precede merit awards (Elvira and Graham, 2002). The prior equalizing impact of formalized appraisal may counter any subsequent valuative bias affecting the size of awards.[3] Indeed, findings here are broadly consistent with Elvira and Graham (2002), who in contrast to Castilla (2008), do not assess merit-pay net of performance evaluation and find in the aggregate it equalizes pay differences between status groups.

Although less studied than motherhood pay penalties, fatherhood premiums similarly structure broader gender wage inequalities. Yet just as scholarship on gender wage gaps reveals substantial differences by education, occupation, and across organizations, fatherhood premiums likewise vary. Even if within-establishment hierarchies tend to reinforce intersections of patriarchal advantage, formalized bureaucratic decision-making can counter the replication of gender-class wage inequalities associated with fatherhood. This suggests that shifting culturally-entrenched gendered divisions of household labour is not the only pathway to minimizing fathers' economic advantage. Organizational changes can also bear fruit. Attending to the role of specific organizational characteristics, and not just household

dynamics or unitary conceptions of bureaucratic logics, is therefore an important avenue of investigation for scholars of family-related gender stratification.

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NOTES

[1] Authors' review of provincial Human Rights codes.

[2] Baseline model estimates are also extremely similar to those calculated with the conventional fixed effects estimator using the reduced sample and with the two-step procedure using only the reduced sample to estimate establishment fixed effects.

[3] Models replacing merit pay with an indicator for formal performance appraisal resulted in very similar estimates.

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Figure 1 Average within-workplace marginal effect of fatherhood on log hourly wages, by breadwinning, education, and occupation

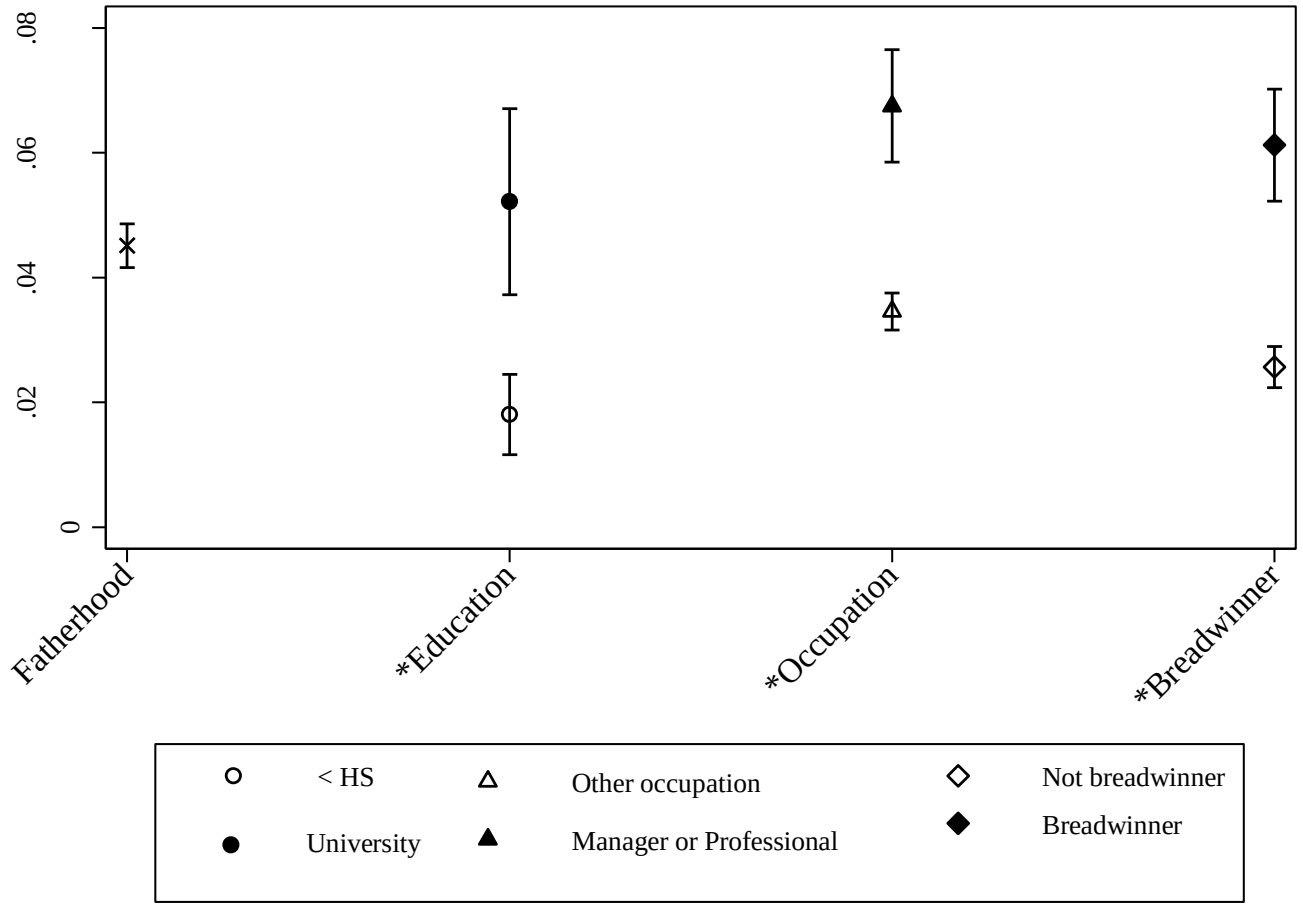


Figure 2 Average within-establishment marginal effect of fatherhood on log hourly wages by workplace characteristics

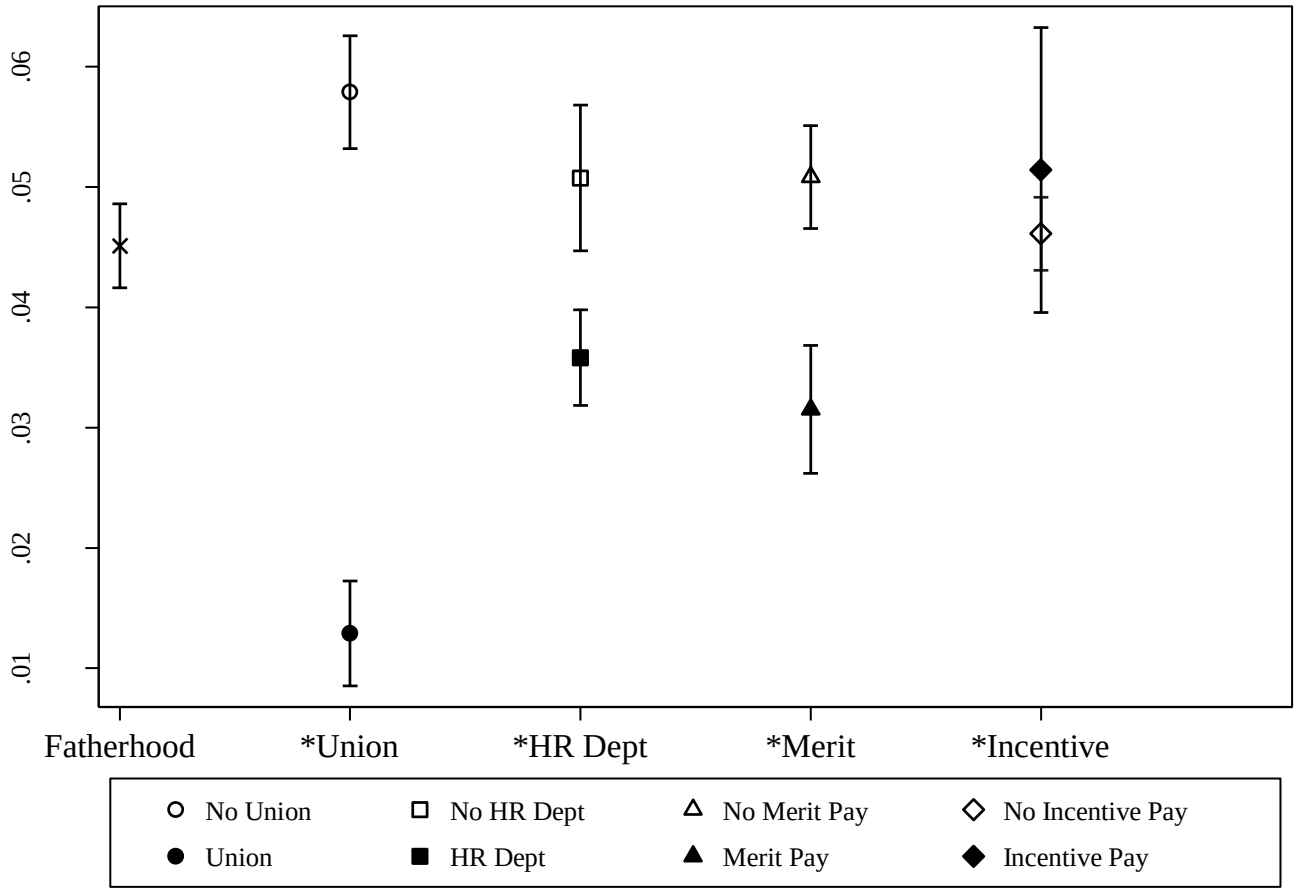


Figure 3 Group differences in within-workplace marginal effect of fatherhood on log hourly wages by unionization and human resources departments

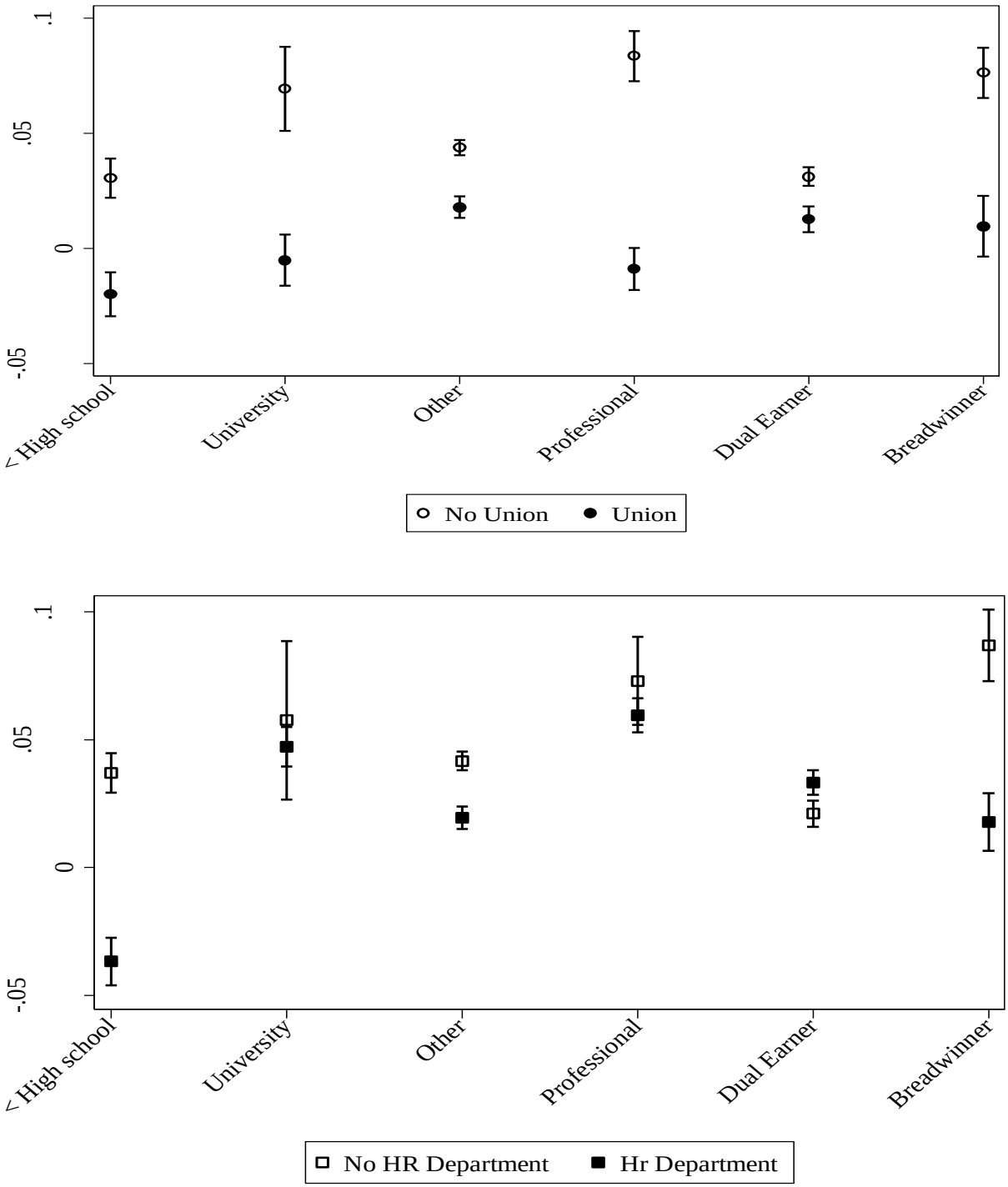
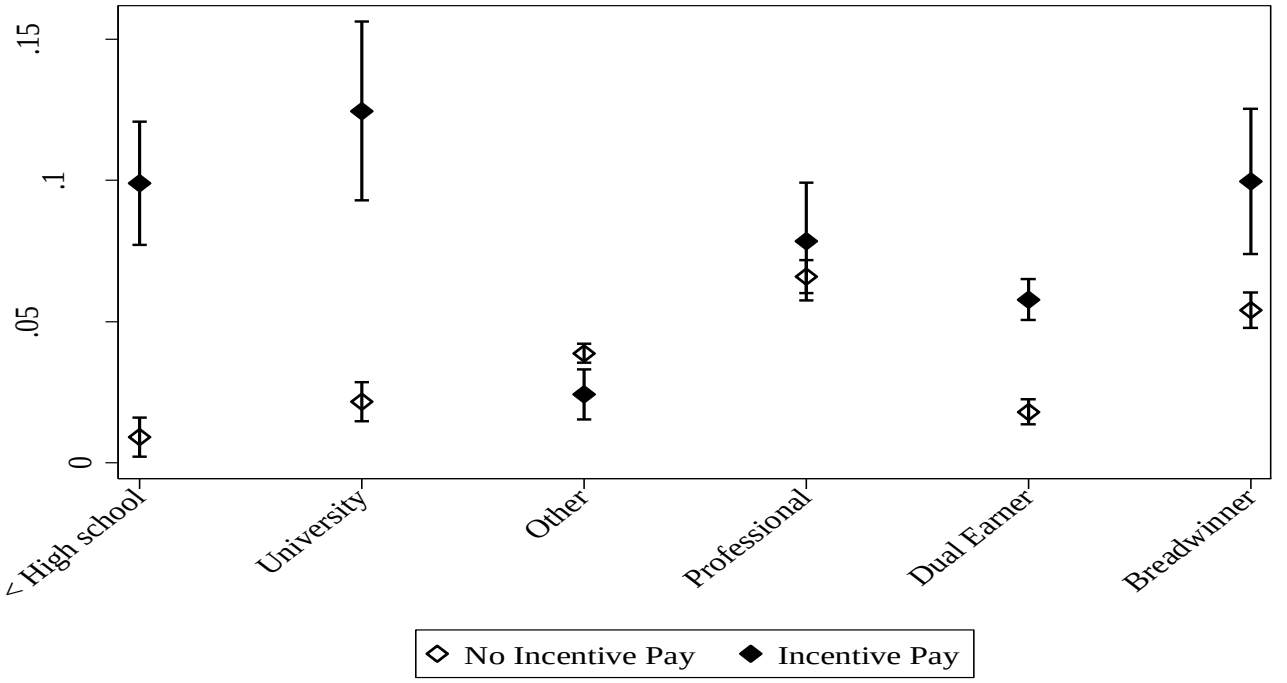
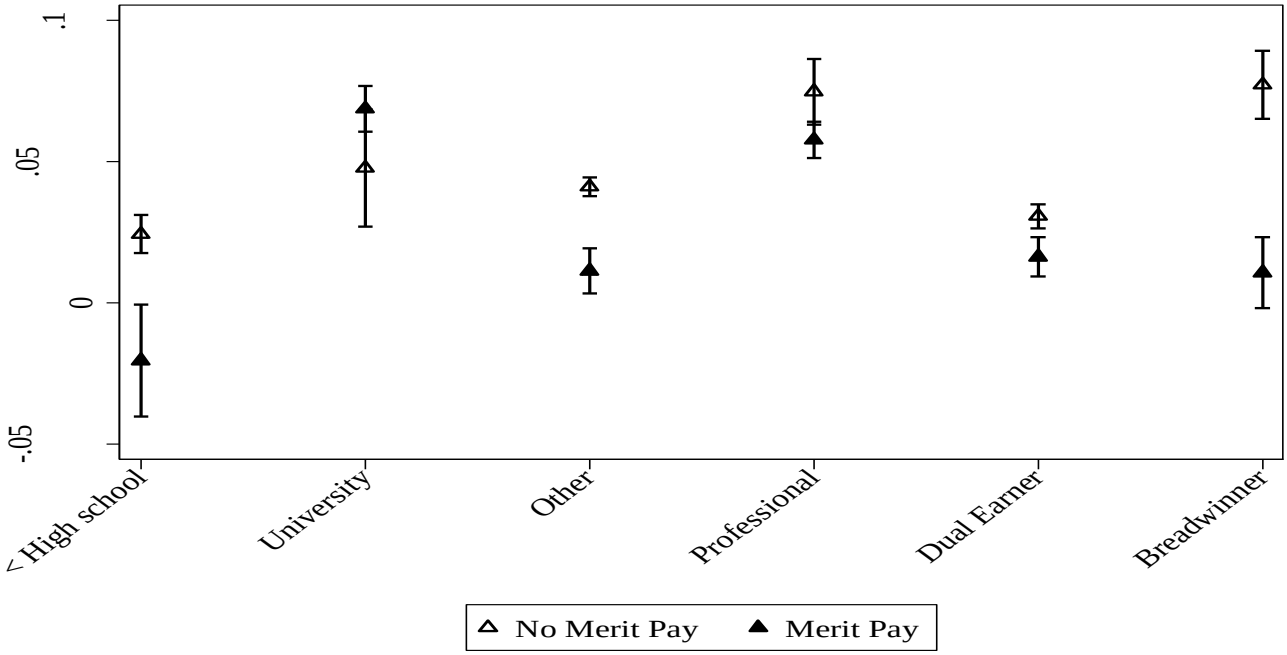


Figure 4 Group differences in average within-workplace marginal effect of fatherhood on log hourly wages by incentive and merit pay schemes





Appendix Table A-1 Net within-establishment fatherhood wage premiums (predicted effects) by group and establishment characteristics, white Canadian men 24-44

Aggregate Fatherhood wage gap		0.045***
Fatherhood Wage Gap by Indicators of Hegemonic Masculinity		
Education		
Less than High School		0.018***
High school		0.056***
Postsecondary		0.024***
University degree		0.052***
Occupation		
Other Occupation		0.035***
Manager or Professional Occupation		0.067***
Breadwinner status (partnered men)		
Dual earner		0.026***
Breadwinner		0.061***
Fatherhood Wage Gap by Establishment Characteristics		
Formalization		
Collective Bargaining Agreement (CBA)		0.013***
No CBA		0.058***
HR Department		0.036***
No HR Department		0.051***
Performance Pay Systems		
Merit Pay		0.032***
No Merit Pay		0.051***
Incentive Pay		0.051***
No Incentive Pay		0.046***
Fatherhood Wage Gap by Establishment Characteristics and Hegemonic Masculinity		
Collective bargaining		
University Degree	CBA	-0.005
	No CBA	0.069***
Less than High school	CBA	-0.020***
	No CBA	0.031***
Manager or Professional	CBA	-0.009

	No CBA	0.084***
Other Occupation	CBA	0.018***
	No CBA	0.044***
Breadwinner	CBA	0.010
	No CBA	0.076***
Dual earner	CBA	0.013***
	No CBA	0.031***
HR Department		
University Degree	HR Dept	0.047***
	No HR Dept	0.058***
Less than High school	HR Dept	-0.037***
	No HR Dept	0.037***
Manager or Professional	HR Dept	0.060***
	No HR Dept	0.073***
Other Occupation	HR Dept	0.019***
	No HR Dept	0.042***
Breadwinner	HR Dept	0.018**
	No HR Dept	0.087***
Dual earner	HR Dept	0.033***
	No HR Dept	0.012***
Merit Pay		
University Degree	Merit Pay	0.069***
	No Merit Pay	0.048***
Less than High school	Merit Pay	-0.020*
	No Merit Pay	0.024***
Manager or Professional	Merit Pay	0.058***
	No Merit Pay	0.075***
Other Occupation	Merit Pay	0.011**
	No Merit Pay	0.041***
Breadwinner	Merit Pay	0.011
	No Merit Pay	0.077***
Dual earner	Merit Pay	0.016***
	No Merit Pay	0.031***
Incentive Pay		
University Degree	Incentive Pay	0.125***
	No Incentive Pay	0.022***
Less than High school	Incentive Pay	0.099***

	No Incentive Pay	0.009*
Manager or Professional	Incentive Pay	0.078***
	No Incentive Pay	0.066***
Other Occupation	Incentive Pay	0.024***
	No Incentive Pay	0.039***
Breadwinner	Incentive Pay	0.100***
	No Incentive Pay	0.054***
Dual earner	Incentive Pay	0.058***
	No Incentive Pay	0.018***

* *p<.05*,** *p<.01*,*** *p<.001* (two-tailed tests)

Notes: Controlling for marital status, years of full-time experience, years of full-time experience squared, education, interactions between experience and education, tenure with employer, tenure squared, part-time and long work hours, occupation, and survey year. Effects of male breadwinning limited to sample of married and cohabiting men.

Appendix Table O-1 Descriptive statistics, white Canadian men 24 to 44

	Childless men	**Fathers**
	Mean	Mean
< High school	0.10	0.12
High school	0.51	0.52
Postsecondary	0.18	0.19
University	0.21	0.17
Manager or Professional	0.31	0.33
Other occupation	0.69	0.67
Breadwinner	0.45	0.36
Collective Bargaining Agreement	0.24	0.27
HR Department	0.38	0.38
Merit Pay	0.21	0.20
Incentive Pay	0.22	0.20
No spouse	0.52	0.10
Married	0.25	0.71
Cohabiting	0.23	0.19
1-19 Employees	0.30	0.31
20-99 Employees	0.35	0.32
100-499 Employees	0.21	0.22
500+ Employees	0.14	0.15
Experience (years)	11.81	16.17
	(6.62)	(6.09)
Seniority (years)	5.90	8.01
	(5.57)	(6.37)
<35 hours week	0.09	0.03
35-49 hours week	0.77	0.78
50+ hours week	0.14	0.19

Note: Standard deviations for continuous variables in parentheses.